

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 501867

SECTION: 25

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

PATTERSON INSURANCE COMPANY,
PATTERSON INSURANCE GROUP, INC., PATTERSON PREMIUM FINANCE, INC.,
PATTERSON GENERAL AGENCY, INC., PATTERSON INSURANCE GROUP OF
ARKANSAS, INC.

**STATE
FILED**

**MOTION AND ORDER FOR APPOINTMENT OF RECEIVER
AND DEPUTY RECEIVER**

On Motion of J. Robert Wooley, Acting Commissioner of Insurance for the State of Louisiana, (hereinafter referred to as "Commissioner"), and on suggesting to the Court pursuant to the Commissioner's authority under Article IV, Section 11 of the Louisiana Constitution; LSA-R.S. 36:682(A), B(1), B(2), B(4), and B(7); LSA-R.S. 36:691 and 22:742, the Commissioner requests that Michael R. Adams be appointed Receiver and Larry Lenius be appointed Deputy Receiver in this captioned receivership proceeding.

IT IS ORDERED that Michael R. Adams is appointed Receiver and Larry Lenius is appointed Deputy Receiver in the above captioned receivership proceeding.

Baton Rouge, LA. on this 17th day of March, 2003.
Curtis A. Callaway
JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

RESPECTFULLY SUBMITTED:

RICHARD P. IEYOUB
ATTORNEY GENERAL

By:

[Signature]
Cassandra A. Simms, #12091
Arlene D. Knighten, #7754
Jackie N. Harris, Jr., #26043
Dominique Jones Sam #27872
Assistant Attorney General
301 Main Street, Suite 1250A
Baton Rouge, LA 70801
(225) 342-9640

**CERTIFIED
TRUE COPY**

MAR 17 2003

[Signature]
DEPUTY CLERK

*See chg suit
3/17
[Signature]*

2003 MAR 17 AM 10:12
FILED
EAST BATON ROUGE PARISH, LA
NINETEENTH JUDICIAL DISTRICT COURT
BY: [Signature]
DOUG WELBORN

J. ROBERT WOOLEY AS ACTING : NUMBER 501,867 SECTION 25
COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA : 19th JUDICIAL DISTRICT COURT

VERSUS

PATTERSON INSURANCE COMPANY, : PARISH OF EAST BATON ROUGE
PATTERSON INSURANCE GROUP,
INC., PATTERSON PREMIUM
FINANCE, INC., PATTERSON GENERAL
AGENCY, INC., INSURANCE NETWORK
OF LOUISIANA, INC. PATTERSON : STATE OF LOUISIANA
INSURANCE GROUP OF ARKANSAS,
INC.

ORDER OF LIQUIDATION

Considering the above and the foregoing verified Petition for Liquidation and Injunctive Relief and the attachments thereto, the Court being satisfied from the specific facts alleged therein that the interests of creditors, policyholders, and the public will be endangered by delay, and the Court finding that the law and the evidence is in favor of granting the relief prayed for therein by the Acting Commissioner of Insurance of the State of Louisiana (hereinafter referred to as the Commissioner), who finds that further efforts to rehabilitate Patterson Insurance Company, Patterson Insurance Group, Inc., Patterson Premium Finance, Inc., Patterson General Agency, Inc., and Patterson Insurance Group of Arkansas (hereinafter "Patterson and the Patterson entities") would be futile and would result in loss to creditors, policyholders, stockholders, and other persons interested in the affairs of Patterson and the Patterson entities.

IT IS ORDERED that sufficient cause exists for the liquidation of Patterson and the Patterson entities.

IT IS FURTHER ORDERED that Patterson and the Patterson entities are hereby found to be and are hereby declared insolvent.

IT IS FURTHER ORDERED that Patterson and the Patterson entities be liquidated and the Commissioner or his appointed designee be and hereby is ordered to direct such liquidation pursuant to the provisions of LSA-R.S. 732 et seq. and all other applicable provisions of law.

IT IS FURTHER ORDERED that the Patterson entities be declared a single business enterprise with Patterson Insurance Company as per the Consent Order of Conservation signed by this Court on November 26, 2002.

IT IS FURTHER ORDERED that Patterson and the Patterson entities, their policyholders, shareholders, officers, directors, agents, servants, employees, attorneys, accountants, banks, savings

and loans, actuaries and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of Patterson and the Patterson entities, including but not limited to, Dale Anderson, Charles James Cooper, David Lee Bussell, Susan Fowler Willis, Merlino & Associates and Carl E. Duffield, III, are hereby ordered to turn over to the Commissioner of Insurance all of the property, business, accounts, bank accounts, books, records, safety deposit boxes, affairs, software, electronic data, electronic mail, websites or assets of Patterson and the Patterson entities and be enjoined from disposing of same and from the transaction of any business related in any way to Patterson and/or the Patterson entities, until further order of this Court.

IT IS FURTHER ORDERED that all individuals and entities are enjoined from instituting or taking further action in any suit or proceeding against Patterson and the Patterson entities to prevent any preference, judgment, attachment or lien being rendered against Patterson and/or the Patterson entities or their insureds and the making of any levy against Patterson and the Patterson entities their property or assets until further order of this court, including, but not limited to, all litigation where:

1. Patterson and/or the Patterson entities are named parties; A policyholder or any other person is named as a party to the litigation or claims insurance coverage under any policy of insurance issued or assumed by Patterson and/or the Patterson entities;
2. The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any policyholder or person as to any insurance policy issued or assumed by Patterson and/or the Patterson entities or determines any possible future liability of Patterson and/or the Patterson entities with regard to any insurance policy issued or assumed by Patterson and/or the Patterson entities; and
3. Patterson and/or the Patterson entities would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance issued or assumed by Patterson and/or the Patterson entities;

IT IS FURTHER ORDERED that the Commissioner be authorized and allowed to:

1. Employ and authorize the compensation of legal counsel, accountants, clerks, and such assistants as it deems necessary, and authorize the payment of the

- expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession;
2. Not defend legal actions wherein the Respondent or the Receiver is a party defendant, commenced prior to or subsequent to this order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely effect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion;
 3. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding;
 4. Collect all debts, which are economically feasible to collect and which are due and owing to the Respondent;
 5. Take possession of all Respondent's securities and certificates of deposit on deposit with the Treasurer of Louisiana, if any, and convert to cash so much of the same as may be necessary, in its judgment, to pay the expenses of administration of this receivership;

IT IS FURTHER ORDERED that:

1. Any officer, director, manager, trustee, agent or adjuster of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of Respondent's affairs is required to fully cooperate with the Receiver, notwithstanding their dismissal pursuant to this Order;
2. All attorneys employed by Respondent as of this date shall, within 10 days of notice of this Order, report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys described herein are hereby discharged as of the date of this Order unless the Receiver retains their services in writing. All attorneys employed by Respondent who are in

possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by such turn over of documents;

3. Reinsurance premiums due to or payable by the Respondent shall be remitted to, or disbursed by, the Receiver. The Receiver shall handle reinsurance losses recoverable or payable by the Respondent. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary;
4. Upon request by the Receiver, any company providing telephonic services to the Respondent shall provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership;
5. Any bank, savings and loan association, financial institution, and any other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of the Respondent, shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and are hereby instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
6. Any entity furnishing telephone, water, electric, sewage, garbage or trash

removal services to the Respondent shall maintain such service and transfer any such accounts to the Receiver as of the date of this order, unless instructed to the contrary by the Receiver;

7. Any data processing service which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent shall transfer custody and control of such records to the Receiver. The Receiver shall compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver;
8. The United States Postal Service is directed to provide any information requested by the Receiver regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver;
9. The Receiver may conduct an investigation of Respondent and its affiliates to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its parent corporations, its subsidiaries, its affiliates and its third party administrator, shall make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. The Respondent and the above-specified entities shall fully cooperate with the Department. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers; directors, managers, trustees, agents, adjusters, employees, or

independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

IT IS FURTHER ORDERED that the Commissioner take control and possession of the property, business, accounts, bank accounts, books, records, safety deposit boxes, affairs, software, electronic data, electronic mail, websites or assets of Patterson and/or the Patterson entities and all persons and entities, including, but not limited to, the directors, officers, employees, agents, brokers, claims adjusters, attorneys, accountants, actuaries, consultants, independent contractors, and/or any other person or entity acting for or on behalf of Patterson Insurance Company single business enterprise entities, including those persons mentioned above, having possession of the property, business, books, claim files, records, accounts or access to Patterson Insurance Company single business enterprise entities be directed to deliver same to the Commissioner, his designated agents and/or employees, for purposes of effecting this order and such orders as may be issued herein; particularly, but not exclusively, said person or entities be directed to immediately turn over all books, records, bank or other accounts of any of the entities with the Patterson Insurance Company single business enterprise entities;

IT IS FURTHER ORDERED that the Commissioner shall be vested with title to all the property, business, books, records, accounts, claim files, assets, software, electronic data, electronic mail, websites, and affairs of Patterson and the Patterson entities and liquidate Patterson and the Patterson entities and shall take and/or maintain possession of all the property, business, books, records, accounts, claim files, assets, software, electronic data, electronic mail, websites, and affairs of Patterson and the Patterson entities.

IT IS FURTHER ORDERED that all policies of insurance, regardless of the line, including bail bonds, are hereby cancelled as of this date.

IT IS FURTHER ORDERED that all provisions of the Court's prior orders including but not limited to both the November 26, 2002 Consent Order of Conservation and the January 9, 2003 Amended Consent Order of Conservation which are not contrary to this order remain effective until further orders of this Court.

IT IS FURTHER ORDERED that the Commissioner be and hereby is permitted to notify every holder of a certificate of coverage, subscriber agreement or contract of insurance issued by Patterson and/or the Patterson entities and other creditor of Patterson and/or the Patterson entities of the Order of Liquidation and Injunction entered herein within forty five (45) days of the date of this order, notwithstanding the provisions of LSA- R.S. 22:737.1.

IT IS FURTHER ORDERED that the Court hereby grants the Commissioner's request to extend the cut off date for which claims of policyholders, providers and other creditors for services provided prior to the date of this Order of Liquidation of Patterson and the Patterson entities must be submitted and received by the Receiver. The cut off date shall be extended to six (6) months following the date of the Order of Liquidation

JUDGMENT READ, RENDERED AND SIGNED at Baton Rouge, Louisiana, this
17th day of March, 2003.

Curtis A. Calloway
 JUDGE CURTIS A. CALLOWAY

PLEASE SERVE:

Patterson Insurance Company
 Patterson Insurance Group, Inc.
 Patterson Premium Finance, Inc.
 Patterson General Agency, Inc., and
 Patterson Insurance Group of Arkansas
 Northwest Corporate Services
 Through Their Attorney of Record
 DeVan Pardue
 23950 Coats Road
 Springfield, Louisiana 70462
 (225) 294-2120

CERTIFIED TRUE COPY

295891

DEPUTY CLERK OF COURT

19th JUDICIAL DISTRICT
 EAST BATON ROUGE PARISH, LA
 14th FD

2003 MAR 17 AM 9:51

[Signature]

DEPUTY CLERK

CERTIFIED
 TRUE COPY

MAR 17 2003

BY [Signature]
 DEPUTY CLERK